

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5275

To establish a Federal Housing Trust Fund to provide decent, safe, and affordable housing for low-income families lacking such housing.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 1994

Mr. OWENS introduced the following bill; which was referred jointly to the Committees on Ways and Means and Banking, Finance and Urban Affairs

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## A BILL

To establish a Federal Housing Trust Fund to provide decent, safe, and affordable housing for low-income families lacking such housing.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

### 3   **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Federal Housing Trust Fund Act of 1994”.

6       (b) TABLE OF CONTENTS.—The table of contents for  
7       this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I—REDUCTION OF CERTAIN TAX BENEFITS FOR HIGHER  
INCOME TAXPAYERS AND ESTABLISHMENT OF HOUSING  
TRUST FUND

- Sec. 101. Reduction of certain tax benefits for higher income taxpayers.
- Sec. 102. Repeal of increase in basis of property acquired from a decedent; phasein of capital gains tax on inherited property.
- Sec. 103. Establishment of Housing Trust Fund.

TITLE II—ADMINISTRATION OF HOUSING TRUST FUND AND ENTITLEMENT PROGRAM FOR FORMULA GRANTS FOR AFFORDABLE HOUSING

- Sec. 201. Grants for eligible public entities.
- Sec. 202. Eligible activities for use of grant amounts.
- Sec. 203. Housing costs assistance program.
- Sec. 204. Housing supply assistance program.
- Sec. 205. Affordability.
- Sec. 206. Eligible public entities.
- Sec. 207. Requirements of eligible public entities.
- Sec. 208. Trust Fund grant plans.
- Sec. 209. Allocation of Trust Fund amounts for States, entitlement communities, and Indian tribes.
- Sec. 210. Grant allotments.
- Sec. 211. Maintenance of State and local effort.
- Sec. 212. Compliance.
- Sec. 213. Administrative expenses.
- Sec. 214. Housing Trust Fund Program Advisory Committee.
- Sec. 215. Administrator of Trust Fund in Department of Housing and Urban Development.
- Sec. 216. Definitions.
- Sec. 217. Regulations.

**1 TITLE I—REDUCTION OF CER-**  
**2 TAIN TAX BENEFITS FOR**  
**3 HIGHER INCOME TAXPAYERS**  
**4 AND ESTABLISHMENT OF**  
**5 HOUSING TRUST FUND**

**6 SEC. 101. REDUCTION OF CERTAIN TAX BENEFITS FOR**  
**7 HIGHER INCOME TAXPAYERS.**

8 (a) IN GENERAL.—Part I of subchapter B of chapter  
 9 1 of the Internal Revenue Code of 1986 (relating to defini-  
 10 tion of gross income, adjusted gross income, taxable in-  
 11 come, etc.) is amended by adding at the end the following  
 12 new section:

1 **“SEC. 69. LIMITATION ON CERTAIN TAX BENEFITS FOR**  
2 **HIGHER INCOME TAXPAYERS.**

3 “(a) IN GENERAL.—In the case of an individual, the  
4 limitations of this section apply if the taxpayer’s modified  
5 adjusted gross income for the taxable year exceeds  
6 \$75,000.

7 “(b) LIMITATIONS ON DEDUCTION FOR MORTGAGE  
8 INTEREST AND PROPERTY TAXES.—In the case of a tax-  
9 payer to whom this section applies for the taxable year—

10 “(1) the amount of qualified residence interest  
11 (as defined in section 163(h)(3)) which is allowed as  
12 a deduction under section 163 shall not exceed the  
13 applicable percentage of such interest, and

14 “(2) the amount of real property taxes which is  
15 allowed as a deduction under section 164 shall not  
16 exceed the applicable percentage of such taxes.

17 “(c) APPLICABLE PERCENTAGE.—For purposes of  
18 this section—

19 “(1) IN GENERAL.—The term ‘applicable per-  
20 centage’ means 100 percent reduced (but not below  
21 the 50 percent) by 3 percentage points for each  
22 \$1,000 by which the modified adjusted gross income  
23 of the taxpayer for the taxable year exceeds  
24 \$75,000.

25 “(2) PHASE-IN.—In the case of taxable years  
26 beginning before January 1, 2000, paragraph (1)

1 shall be applied by substituting for ‘50 percent’ the  
 2 percentage determined in accordance with the follow-  
 3 ing table:

| <b>“In the case of taxable<br/>years beginning in calendar year:</b> | <b>The percentage<br/>is:</b> |
|--|-------------------------------|
| 1996 .....   | 90 percent                    |
| 1997 .....   | 80 percent                    |
| 1998 .....   | 70 percent                    |
| 1999 .....   | 60 percent.                   |

4 “(d) MODIFIED ADJUSTED GROSS INCOME.—For  
 5 purposes of this section, the term ‘modified adjusted gross  
 6 income’ means adjusted gross income—

7 “(1) determined without regard to this section,  
 8 sections 911, 931, and 933, and the deductions re-  
 9 ferred to in subsection (b), and

10 “(2) increased by the amount of interest re-  
 11 ceived or accrued by the individual during the tax-  
 12 able year which is exempt from tax.

13 “(e) COORDINATION WITH SECTION 68.—This sec-  
 14 tion shall be applied before section 68 with respect to the  
 15 deductions referred to in subsection (b).”

16 (b) CONFORMING AMENDMENT.—The table of sec-  
 17 tions for such part I is amended by adding at the end  
 18 the following new item:

“Sec. 69. Limitation on certain tax benefits for higher income  
taxpayers.”

19 (c) EFFECTIVE DATE.—The amendments made by  
 20 this section shall apply to taxable years beginning after  
 21 December 31, 1995.

1 **SEC. 102. REPEAL OF INCREASE IN BASIS OF PROPERTY AC-**  
2 **QUIRED FROM A DECEDENT; PHASEIN OF**  
3 **CAPITAL GAINS TAX ON INHERITED PROP-**  
4 **ERTY.**

5 (a) IN GENERAL.—Section 1014 of the Internal Rev-  
6 enue Code of 1986 (relating to basis of property acquired  
7 from a decedent) is hereby repealed.

8 (b) BASIS TO BE DETERMINED UNDER RULES AP-  
9 PLICABLE TO GIFTS.—Section 1015 of such Code (relat-  
10 ing to basis of property acquired by gifts and transfers  
11 in trusts) is amended by adding at the end the following  
12 new subsection:

13 “(f) PROPERTY ACQUIRED FROM OR PASSING FROM  
14 A DECEDENT.—

15 “(1) IN GENERAL.—Property acquired from a  
16 decedent dying after December 31, 1995, or passed  
17 from such a decedent shall be treated for purposes  
18 of subsection (a) as acquired by gift for purposes of  
19 this section.

20 “(2) PROPERTY ACQUIRED FROM A DECE-  
21 DENT.—Section 1014(b) (as in effect on the day be-  
22 fore the date of the enactment of the Federal Hous-  
23 ing Trust Fund Act of 1994) shall apply for pur-  
24 poses of whether property is considered to have been  
25 acquired from or to have passed from the decedent.

1           “(3) INCREASE IN BASIS FOR ESTATE TAX  
2 PAID.—

3           “(A) IN GENERAL.—The basis of any  
4 property which this subsection applies shall be  
5 the basis determined under subsection (a) in-  
6 creased by the portion of the aggregate death  
7 tax adjustment which is allocated to the prop-  
8 erty pursuant to this paragraph.

9           “(B) LIMITATION.—The death tax adjust-  
10 ment for any property shall not exceed—

11           “(i) the net appreciation in such prop-  
12 erty, multiplied by

13           “(ii) the Federal marginal estate tax  
14 rate.

15           “(C) NET APPRECIATION.—For purposes  
16 of this paragraph, the net appreciation in value  
17 of any property is the amount by which—

18           “(i) the fair market value of such  
19 property, exceeds

20           “(ii) the initial basis of such property  
21 increased by the minimum basis adjust-  
22 ment of such property.

23           “(4) AGGREGATE DEATH TAX ADJUSTMENT.—  
24 In the case of any estate—

1           “(A) IN GENERAL.—The aggregate death  
2 tax adjustment is the product of—

3                   “(i) the aggregate net appreciation of  
4 all properties which have net appreciation,  
5 and

6                   “(ii) the Federal marginal estate tax  
7 rate.

8           “(B) LIMITATION.—The amount taken  
9 into account under subparagraph (A)(i) shall  
10 not exceed the taxable estate.

11           “(C) FEDERAL MARGINAL ESTATE TAX  
12 RATE.—The term ‘Federal marginal estate tax  
13 rate’ means the highest rate in the rate sched-  
14 ule set forth in section 2001(c)—

15                   “(i) which is used in determining the  
16 tentative tax under section 2001(b)(1) with  
17 respect to the estate of the decedent, and

18                   “(ii) the amount subject to which is at  
19 least \$50,000.

20           In no event shall the Federal marginal estate  
21 tax rate be less than 30 percent.

22           “(5) ALLOCATION RULES.—The executor shall  
23 allocate the adjustments under this subsection  
24 among the properties on the return of the tax im-  
25 posed by chapter 11.”

1       (c) PHASE-IN OF CAPITAL GAINS TAX ON INHERITED  
2 PROPERTY.—Subsection (h) of section 1 of such Code (re-  
3 lating to maximum capital gains rate) is amended to read  
4 as follows:

5       “(h) MAXIMUM CAPITAL GAINS RATE.—

6           “(1) IN GENERAL.—If a taxpayer has a net  
7 capital gain for any taxable year, then the tax im-  
8 posed by this section shall not exceed the sum of—

9           “(A) a tax computed at the rates and in  
10 the same manner as if this subsection had not  
11 been enacted on the greater of—

12           “(i) taxable income reduced by the  
13 amount of the net capital gain, or

14           “(ii) the amount of taxable income  
15 taxed at a rate below 28 percent, plus

16           “(B) a tax equal to the sum of—

17           “(i) the applicable percentage of so  
18 much of such net capital gain as is attrib-  
19 utable to property acquired by the tax-  
20 payer from a decedent dying after Decem-  
21 ber 31, 1995 (or passed to the taxpayer  
22 from such a decedent), and

23           “(ii) 28 percent of the amount of the  
24 taxable income in excess of the sum of the  
25 amount determined under subparagraph



1 (A) and the net capital gain described in  
2 clause (i) of this subparagraph.

3 “(2) APPLICABLE PERCENTAGE.—For purposes  
4 of paragraph (1), the term ‘applicable percentage’  
5 means—

6 “(A) 10 percent in the case of taxable  
7 years ending during 1996,

8 “(B) 15 percent in the case of taxable  
9 years ending during 1997,

10 “(C) 20 percent in the case of taxable  
11 years ending during 1998, and

12 “(D) 25 percent in the case of taxable  
13 years ending during 1999.

14 “(3) ELECTION TO MARK-TO-MARKET PROP-  
15 ERTY ACQUIRED FROM A DECEDENT.—If the tax-  
16 payer elects this paragraph with respect to any prop-  
17 erty described in paragraph (1)(B)(i), such property  
18 shall be treated as sold (for its fair market value as  
19 of the first day of the taxpayer year) and any gain  
20 or loss shall be treated as received or accrued on  
21 such day.”

22 (d) CONFORMING AMENDMENTS.—

23 (1) The table of sections for part II of sub-  
24 chapter O of chapter 1 of such Code is amended by  
25 striking the item relating to section 1014.

3   **“SEC. 1015. BASIS OF PROPERTY ACQUIRED BY GIFT, FROM**  
4       **A DECEDENT, OR TRANSFERRED IN TRUST.”**

(3) The table of sections for part II of subchapter O of chapter 1 of such Code is amended by striking the item relating to section 1015 and inserting the following new item:

“Sec. 1015. Basis of property acquired by gift, from a decedent, or transferred in trust.”

9 (e) EFFECTIVE DATES.—

(1) CARRYOVER BASIS.—Except as provided in paragraph (2), the amendments made by this section shall apply to decedents dying after December 31, 1995.

(2) TAX ON INHERITED PROPERTY.—The amendment made by subsection (c) shall apply to taxable years ending after December 31, 1995.

**17 SEC. 103. ESTABLISHMENT OF HOUSING TRUST FUND.**

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to trust funds) is amended by adding at the end thereof the following new section:

22 **“SEC. 9512. HOUSING TRUST FUND.**

23       “(a) CREATION OF TRUST FUND.—There is hereby  
24 established in the Treasury of the United States a trust

1 fund to be known as the ‘Housing Trust Fund’, consisting  
2 of such amounts as may be appropriated or credited to  
3 such trust fund as provided in this section, section  
4 9602(b) of this title, or section 201(e) or 212(a)(3)(B)  
5 of the Federal Housing Trust Fund Act of 1994.

6 “(b) CREDITS TO TRUST FUND.—There are hereby  
7 appropriated to the Housing Trust Fund amounts equiva-  
8 lent to the increase in income tax liability attributable to  
9 section 69.

10 “(c) EXPENDITURES FROM TRUST FUND.—Amounts  
11 in the Housing Trust Fund are available each fiscal year  
12 to the Secretary of Housing and Urban Development for  
13 carrying out title II of the Federal Housing Trust Fund  
14 Act of 1994, but shall not be available for any other pur-  
15 pose.”.

16 (b) CLERICAL AMENDMENT.—The table of sections  
17 for such subchapter A is amended by adding at the end  
18 thereof the following new item:

“Sec. 9512. Housing Trust Fund.”.

1 **TITLE II—ADMINISTRATION OF**  
2 **HOUSING TRUST FUND AND**  
3 **ENTITLEMENT PROGRAM FOR**  
4 **FORMULA GRANTS FOR AF-**  
5 **FORDABLE HOUSING**

6 **SEC. 201. GRANTS FOR ELIGIBLE PUBLIC ENTITIES.**

7 (a) IN GENERAL.—The Secretary of Housing and  
8 Urban Development shall, for fiscal year 1995 and each  
9 fiscal year thereafter, make a grant under this title to each  
10 eligible public entity for which an allotment is made under  
11 section 210. The amount of the grant for such an eligible  
12 public entity shall be equal to the amount of the allotment  
13 for the eligible public entity determined in accordance with  
14 section 209.

15 (b) USE OF TRUST FUNDS.—Grants under this title  
16 shall be made only using amounts from the Housing Trust  
17 Fund established in section 9512 of the Internal Revenue  
18 Code of 1986.

19 (c) ENTITLEMENT STATUS OF GRANTS.—

20 (1) IN GENERAL.—Subject to subsection (d),  
21 each eligible public entity is entitled to payment of  
22 the grant required by subsection (a) for fiscal year  
23 1995 and each subsequent fiscal year.

24 (2) RULE OF CONSTRUCTION.—Paragraph (1)  
25 may not be construed to establish, with respect to

1       this section, an entitlement of any individual to have  
2       carried out on behalf of the individual any activity  
3       authorized in this title.

4       (d) LIMITATIONS.—An entitlement is established pur-  
5       suant to subsection (a) for a fiscal year for an eligible pub-  
6       lic entity—

7               (1) only to the extent that there are amounts  
8       in the Fund and only to the extent of the amount  
9       of the allotment made under section 210 for the en-  
10      tity; and

11              (2) only if the allotment for the entity has not  
12      been terminated pursuant to section 212(c)(1).

13      (e) DURATION OF AVAILABILITY OF GRANT  
14      AMOUNTS.—With respect to the 24-month period begin-  
15      ning on the date on which a grant under subsection (a)  
16      for a fiscal year becomes available to an eligible public en-  
17      tity, any portion of the grant that is not obligated by the  
18      entity before the expiration of such period shall be covered  
19      into the Fund and be available for grants under such sub-  
20      section for the following fiscal year.

21      (f) PAYMENT OF GRANT AMOUNTS.—The grant  
22      amounts for each eligible public entity shall be paid di-  
23      rectly to the agency designated pursuant to section 206(2)  
24      by the eligible public entity and shall be available only for  
25      activities authorized under section 202.

1 **SEC. 202. ELIGIBLE ACTIVITIES FOR USE OF GRANT**  
2 **AMOUNTS.**

3 (a) IN GENERAL.—Grant amounts provided under  
4 this title for a fiscal year may be expended by the eligible  
5 public entity receiving the grant only in accordance with  
6 the Trust Fund grant plan for the entity for such year  
7 approved by the Secretary under section 208 to carry  
8 out—

9 (1) a housing costs assistance program under  
10 section 203;

11 (2) a housing supply assistance program under  
12 section 204; and

13 (3) administrative activities, to the extent pro-  
14 vided in subsection (c).

15 (b) ALLOCATION OF GRANT AMOUNTS BETWEEN  
16 PROGRAMS.—

17 (1) IN GENERAL.—Except to the extent pro-  
18 vided in subsection (a)(3) and paragraph (2) of this  
19 subsection, from the grant amounts provided to an  
20 eligible public entity for a fiscal year, the entity shall  
21 use—

22 (A) the amount provided to the entity  
23 under paragraph (1)(A), (2)(A), or (3)(A), as  
24 applicable, of section 210(a) for carrying out  
25 the housing costs assistance program under sec-  
26 tion 203 of the entity; and

1 (B) the amount provided to the entity  
2 under paragraph (1)(B), (2)(B), or (3)(B), as  
3 applicable, of section 210(a) for carrying out  
4 the housing supply assistance program under  
5 section 204 of the entity.

6 (2) EXCEPTION.—If in any fiscal year any  
7 grant amounts referred to in paragraph (1)(A) re-  
8 main available for commitment for housing costs as-  
9 sistance for eligible families 9 months after such  
10 amounts are first made available to the eligible pub-  
11 lic entity because of a lack of eligible families or the  
12 failure of eligible families to obtain suitable dwelling  
13 units, the eligible public entity may use such  
14 amounts for carrying out the housing supply assist-  
15 ance program of the entity.

16 (c) ADMINISTRATIVE EXPENSES.—

17 (1) LIMITATION.—An eligible public entity that  
18 receives grant amounts for a fiscal year may use for  
19 administrative expenses relating to carrying out the  
20 housing costs assistance program and housing sup-  
21 ply assistance program of the entity not more than  
22 the applicable percentage of such amounts as the  
23 Secretary shall establish by regulation for purposes  
24 of this subsection. The Secretary may establish dif-  
25 ferent percentage limitations based on the amount of

1 grant amounts received, but no such limitation may  
2 exceed 6 percent.

3 (2) INCLUDED EXPENSES.—For purposes of  
4 paragraph (1), the term “administrative expenses”  
5 includes expenses relating to performance reports re-  
6 quired under section 212(a), expenses of a public en-  
7 tity in administering a grant under this section, and  
8 expenses of a public entity or other subgrantee orga-  
9 nization or entity in administering a housing costs  
10 assistance program or housing supply assistance  
11 program.

12 **SEC. 203. HOUSING COSTS ASSISTANCE PROGRAM.**

13 (a) REQUIREMENT TO CARRY OUT PROGRAM.—Each  
14 eligible public entity that receives grant amounts under  
15 paragraph (1)(A), (2)(A), or (3)(A), as applicable, of sec-  
16 tion 210(a) shall carry out a housing costs assistance pro-  
17 gram under this section using such grant amounts to pro-  
18 vide financial assistance on behalf of eligible families for  
19 the rental or purchase of dwelling units occupied by such  
20 families.

21 (b) ELIGIBLE HOUSING.—A housing costs assistance  
22 program may provide assistance on behalf of an eligible  
23 family only for the costs of—

24 (1) renting a dwelling unit that is—

25 (A) affordable housing;



1 (B) under lease for occupancy by the fam-  
2 ily as its principal residence; and

3 (C) except as provided in subsection (e)(4),  
4 located in the jurisdiction of the eligible public  
5 entity carrying out the program; or

6 (2) purchasing a dwelling unit that is—

7 (A) the principal residence of the family;

8 (B) security for (or subject to a mortgage  
9 that secures) repayment of the outstanding obli-  
10 gation of a loan made for purchase of the dwell-  
11 ing by the family; and

12 (C) except as provided in subsection (e)(4),  
13 located in the jurisdiction of the eligible public  
14 entity carrying out the program.

15 (c) AMOUNT OF ASSISTANCE.—The amount of finan-  
16 cial assistance provided under a housing costs assistance  
17 program on behalf of an eligible family shall be the  
18 amount equal to the amount by which the fair market  
19 rental for a dwelling unit of the size appropriate for the  
20 family in the applicable housing market area exceeds the  
21 lesser of 30 percent of the adjusted income of the family  
22 or 5 percent of the gross income of the family.

23 (d) PRIORITIES.—If the grant amounts provided for  
24 a fiscal year for an eligible public entity are insufficient  
25 to provide assistance under the housing costs assistance

1 program of the entity for all eligible families residing in  
2 the jurisdiction of the entity—

3 (1) 70 percent of the grant amounts received by  
4 the entity under paragraph (1)(A), (2)(A), or (3)(A),  
5 as applicable, of section 210(a) shall be used subject  
6 to a preference for assisting eligible families de-  
7 scribed in section 8(d)(1)(A)(i) of the United States  
8 Housing Act of 1937; and

9 (2) 30 percent of such grant amounts shall be  
10 used subject to a preference for assisting eligible  
11 families who qualify under a system of local pref-  
12 erences established by the eligible public entity.

13 (e) METHOD OF ASSISTANCE.—Under a housing  
14 costs assistance program under this section—

15 (1) the eligible public entity carrying out the  
16 program shall make assistance payments on behalf  
17 of the eligible family assisted to the owner of, or  
18 mortgage servicer for, the dwelling unit occupied by  
19 the eligible family;

20 (2) the owner of a rental dwelling unit to be oc-  
21 cupied by a family assisted under the program shall  
22 enter into a contract with the eligible public entity  
23 that—

24 (A) provides for making of the assistance  
25 payments under the program;

1 (B) has a term not shorter than the term  
2 of the lease for the dwelling unit and not longer  
3 than 60 months; and

4 (C) provides that the housing shall be sub-  
5 ject to the procedures established under section  
6 207(b)(3) by the eligible public entity to ensure  
7 compliance of the housing with housing codes or  
8 quality standards;

9 (3) a family assisted under the program who is  
10 purchasing the dwelling occupied by the family shall  
11 enter into a contract with the eligible public entity  
12 that—

13 (A) provides for the making the assistance  
14 payments under the program;

15 (B) has a term not longer than 60 months,  
16 which shall be renewable subject only to the  
17 availability of amounts, the need for such as-  
18 sistance, and compliance by the assisted family  
19 with the conditions of the program; and

20 (C) provides that the housing shall be sub-  
21 ject to the procedures established under section  
22 207(b)(3) by the eligible public entity to ensure  
23 compliance of the housing with housing codes or  
24 quality standards; and

1           (4) any eligible family on behalf of whom assist-  
2           ance is provided under the program and who moves  
3           to an affordable dwelling unit located not more than  
4           100 miles from the jurisdiction of the eligible public  
5           entity providing such assistance may use the assist-  
6           ance to rent or purchase the dwelling unit.

7           (f) HOUSING CHOICE ASSISTANCE.—

8           (1) IN GENERAL.—A housing costs assistance  
9           program may reserve not more than 20 percent of  
10          the amount of assistance available for any fiscal year  
11          under the program for use only to provide assistance  
12          under the program for eligible families who are mi-  
13          nority families and are moving to dwelling units lo-  
14          cated in areas without high concentrations of per-  
15          sons living in poverty.

16          (2) AUTHORITY TO INCREASE ASSISTANCE.—  
17          Notwithstanding subsection (c), the amount of fi-  
18          nancial assistance provided under a housing costs  
19          assistance program on behalf of an eligible family  
20          who meets the requirements for assistance with  
21          amounts reserved under this subsection may exceed  
22          the amount determined under subsection (c), but  
23          only to the extent necessary to enable the family as-  
24          sisted to relocate to and maintain residence in an af-

1       fordable dwelling unit in an area described in para-  
2       graph (1) of this subsection.

3           (3) AMOUNT OF INCREASE.—In no event may  
4       the amount of such financial assistance exceed the  
5       sum of—

6           (A) the cost of relocating to a dwelling unit  
7       in an area described in paragraph (1); and

8           (B) the difference between (i) the amount  
9       by which 125 percent of the fair market rental  
10      for a dwelling unit of the size appropriate for  
11      the family and located in the applicable housing  
12      market (to which the family is moving), and (ii)  
13      the lesser of 30 percent of the adjusted income  
14      of the family or 5 percent of the gross income  
15      of the family.

16      (g) HOUSING COUNSELING.—Each family assisted  
17      under a housing costs assistance program shall be pro-  
18      vided counseling regarding housing quality, obtaining a  
19      decent and affordable dwelling unit, and the choice of a  
20      neighborhood in which to reside.

21      (h) REQUIREMENTS FOR HOMEOWNERSHIP ASSIST-  
22      ANCE.—The Secretary shall by regulation establish re-  
23      quirements applicable to housing costs assistance pro-  
24      grams established under this section to provide that, in  
25      the case of assistance for purchase of a dwelling unit—

1 (1) such assistance is provided only on behalf of  
2 eligible families for whom the terms of the purchase  
3 (including the loan amount and interest rate, other  
4 financing provisions, and other obligations) are rea-  
5 sonable, taking into consideration the assets, income,  
6 and obligations of the eligible family assisted; and

7 (2) upon the sale of the dwelling unit by the eli-  
8 gible family, the housing costs assistance program  
9 shall recapture from any net proceeds of the sale the  
10 amount necessary to avoid any unreasonable profit  
11 to the eligible family and make such amount avail-  
12 able for use under the program.

13 **SEC. 204. HOUSING SUPPLY ASSISTANCE PROGRAM.**

14 (a) REQUIREMENT TO CARRY OUT PROGRAM.—Each  
15 eligible public entity that receives grant amounts under  
16 paragraph (1)(B), (2)(B), or (3)(B), as applicable, of sec-  
17 tion 210(a) shall carry out a housing supply assistance  
18 program under this section using such grant amounts to  
19 provide financial assistance for increasing the supply of  
20 affordable housing in the jurisdiction of the eligible public  
21 entity.

22 (b) ELIGIBLE HOUSING DEVELOPMENT ACTIVI-  
23 TIES.—

24 (1) IN GENERAL.—A housing supply assistance  
25 program shall provide assistance for the development

1 of affordable housing for rental or homeownership.  
2 Such assistance may be provided for the acquisition,  
3 new construction, reconstruction, and moderate or  
4 substantial rehabilitation of affordable housing,  
5 which may include costs for real property acquisition,  
6 site improvement, conversion, and demolition,  
7 financing costs, relocation expenses of any displaced  
8 persons, families, businesses, or organizations, reasonable  
9 administrative and planning costs, and any  
10 other expenses as the Secretary may provide.

11 (2) AFFORDABILITY REQUIREMENT.—Any  
12 housing for which assistance is provided pursuant to  
13 paragraph (1) with grant amounts shall be subject  
14 to binding restrictions sufficient to ensure that, for  
15 the entire useful life of the housing, the housing is  
16 used as affordable housing.

17 (3) COST LIMITS.—The Secretary shall by regulation  
18 establish limitations on the amount of assistance  
19 provided under a housing assistance supply  
20 program that may be used for administrative, planning,  
21 and development costs of affordable housing.

22 (4) REQUIRED NUMBER OF UNITS FOR EXTREMELY LOW-,  
23 VERY LOW-, AND LOW-INCOME FAMILIES.—Of the number of dwelling units in housing  
24 assisted under this subsection under the housing  
25

1 supply assistance program of an eligible public entity  
2 in a fiscal year—

3 (A) the percentage of such number that  
4 are subject to binding restrictions ensuring af-  
5 fordability to, and priority for occupancy by, ex-  
6 tremely low-income families shall not be less  
7 than the percentage of low-income renter fami-  
8 lies with housing problems in the jurisdiction of  
9 the eligible public entity that are extremely low-  
10 income families, as determined based on the  
11 most recent information available from the Sec-  
12 retary;

13 (B) the percentage of such number that  
14 are subject to binding restrictions ensuring af-  
15 fordability to, and priority for occupancy by,  
16 very low-income families shall not be less than  
17 the percentage of low-income renter families  
18 with housing problems in the jurisdiction of the  
19 eligible public entity that are very low-income  
20 families (but not extremely low-income fami-  
21 lies), as determined based on the most recent  
22 information available from the Secretary; and

23 (C) the percentage of such number that  
24 are subject to binding restrictions ensuring af-  
25 fordability to, and priority for occupancy by,



1 low-income families shall not be less than the  
2 percentage of low-income renter families with  
3 housing problems in the jurisdiction of the eligi-  
4 ble public entity that are low-income families  
5 (but not very low-income families), as deter-  
6 mined based on the most recent information  
7 available from the Secretary.

8 (5) REQUIRED PROPORTION OF RENTAL UNITS  
9 TO HOMEOWNERSHIP UNITS.—Of the number of  
10 dwelling units in housing assisted under this sub-  
11 section under a housing supply assistance program  
12 of an eligible public entity in a fiscal year, the per-  
13 centage of such number that are units available for  
14 rental shall not be less than the percentage that is  
15 10 percent less than the percentage of low-income  
16 families with housing problems in the jurisdiction of  
17 the entity that are renters, as determined based on  
18 the most recent information available to the Sec-  
19 retary.

20 (6) REQUIRED PROPORTION OF ASSISTED  
21 UNITS IN POVERTY AREAS.—Of the number of dwell-  
22 ing units in housing assisted under this subsection  
23 under a housing supply assistance program of an eli-  
24 gible public entity in a fiscal year, the percentage of  
25 such number that are located in poverty areas shall

1 not be less than the percentage of the number of  
2 low-income families residing within the jurisdiction  
3 of the entity that reside within poverty areas, as de-  
4 termined based on the most recent information avail-  
5 able to the Secretary.

6 (7) ALLOCATION FOR RURAL AREAS.—Of the  
7 grant amounts available for a fiscal year for a public  
8 entity that is a State to carry out a housing supply  
9 assistance program under this section, the State  
10 shall allocate an amount for each rural area based  
11 on a formula, determined by the Secretary, that de-  
12 termines the need for such assistance in each such  
13 area based on the number of extremely low- and  
14 very low-income families residing in the area. The  
15 weight given under the formula to the number of ex-  
16 tremely low-income families residing in a rural area  
17 shall be twice the weight given under the formula to  
18 the number of such very-low income families.

19 (c) ELIGIBLE HOUSING REPAIR ACTIVITIES.—

20 (1) IN GENERAL.—A housing supply assistance  
21 program may provide assistance for emergency re-  
22 pairs of housing, abatement of lead-based paint, and  
23 removal of such other hazards in housing as the Sec-  
24 retary shall provide.

1           (2) LIMITATION ON HOUSING ASSISTED.—As-  
2           sistance may be provided under paragraph (1) only  
3           if—

4                   (A) the housing assisted is subject to bind-  
5                   ing restrictions sufficient to ensure that, for the  
6                   entire useful life of the housing, the housing is  
7                   used as affordable housing; or

8                   (B) the activities conducted with such as-  
9                   sistance are conducted on behalf of residents of  
10                  the housing who are very low-income families to  
11                  enable such families to remain in the housing.

12          (d) ELIGIBLE HOUSING SERVICES ACTIVITIES.—

13               (1) IN GENERAL.—A housing supply assistance  
14               program may provide assistance for carrying out  
15               services relating to the development of decent and  
16               affordable housing, eliminating segregation in the  
17               availability and occupancy of such housing, and im-  
18               proving the capacity of moderate-income families to  
19               obtain and maintain such housing.

20               (2) ELIGIBLE ACTIVITIES.—Activities eligible  
21               for assistance under this subsection shall include—

22                   (A) fair housing enforcement activities;

23                   (B) counseling relating to housing and  
24                   neighborhood choice;

1 (C) counseling regarding homeownership  
2 and tenant affairs and responsibilities;

3 (D) support services for nonprofit organi-  
4 zations engaged in developing or managing af-  
5 fordable housing;

6 (E) employment training for moderate-in-  
7 come families;

8 (F) development of the capacity of commu-  
9 nity housing development organizations and  
10 tenant organizations;

11 (G) supportive services for moderate-in-  
12 come residents of affordable housing (including  
13 day care and job counseling);

14 (H) technical assistance to organizations in  
15 developing proposals for assistance under the  
16 housing supply assistance program; and

17 (I) other services as the Secretary may  
18 provide.

19 (3) LIMITATION ON AVAILABILITY OF  
20 AMOUNTS.—The Secretary shall establish, by regula-  
21 tion, limitations on the portion of grant amounts for  
22 a fiscal year received by an eligible public entity and  
23 available for carrying out a housing supply assist-  
24 ance program that may be used for services under  
25 this subsection. The limitations shall be expressed in

1 terms of percentages of the grant amounts available  
2 for carrying out the housing supply assistance pro-  
3 gram, none of which may exceed 15 percent and  
4 which shall progressively decrease as such amount  
5 increases.

6 (e) PROHIBITED USES.—Amounts available for car-  
7 rying out a housing assistance supply program may not  
8 be used—

9 (1) to provide tenant-based assistance for the  
10 rental of a dwelling unit, including providing re-  
11 placement units for public housing to meet the re-  
12 quirements under section 18 of the United States  
13 Housing Act of 1937;

14 (2) provide non-Federal matching contributions  
15 required under any other Federal program;

16 (3) provide assistance authorized under section  
17 9 of the United States Housing Act of 1937;

18 (4) carry out activities authorized under section  
19 14 of the United States Housing Act of 1937; or

20 (5) provide assistance to eligible low-income  
21 housing under the provisions of the Emergency Low  
22 Income Housing Preservation Act of 1987 or the  
23 Low-Income Housing Preservation and Resident  
24 Homeownership Act of 1990, except in the case of  
25 such assistance in connection with acquisition of the

1       housing by a priority purchaser (as such term is de-  
2       fined in section 231(a) of the Low-Income Housing  
3       Preservation and Resident Homeownership Act of  
4       1990).

5       (f) ECONOMIC OPPORTUNITIES FOR LOW-INCOME  
6       PERSONS.—Amounts available to carry out a housing sup-  
7       ply assistance program shall be considered the provision  
8       of housing assistance for purposes of section 3 of the  
9       Housing and Urban Development Act of 1968. The Sec-  
10      retary shall issue regulations to carry out the provisions  
11      of such section with respect to assistance provided under  
12      housing supply assistance programs.

13      (g) ELIGIBLE HOUSING PROVIDERS.—Assistance for  
14      activities under this section may be provided to any entity  
15      capable, in the determination of the eligible public entity  
16      providing the assistance, to carry out such activities, in-  
17      cluding nonprofit organizations, cooperative housing orga-  
18      nizations, public housing agencies and other public agen-  
19      cies, and for-profit housing providers.

20      (h) USE OF ASSISTANCE UNDER OTHER PRO-  
21      GRAMS.—Except as provided in subsection (e), amounts  
22      available to carry out a housing supply assistance program  
23      may be used for activities under other Federal, State, and  
24      local programs to the extent the use of such assistance  
25      complies with the requirements under this title.

1 **SEC. 205. AFFORDABILITY.**

2 (a) IN GENERAL.—The Secretary shall issue regula-  
3 tions establishing requirements that must be met for hous-  
4 ing to be considered affordable housing for purposes of  
5 this title.

6 (b) CONTENT.—The regulations under subsection (a)  
7 shall include requirements regarding—

8 (1) in the case of rental dwelling units, the  
9 maximum monthly rents for the units, which shall  
10 take into consideration the fair market rentals for  
11 the relevant area and, if applicable, the income  
12 group for which the unit is to be affordable; and

13 (2) in the case of homeownership dwelling  
14 units—

15 (A) the maximum purchase price of the  
16 units;

17 (B) resale restrictions appropriate—

18 (i) to allow for subsequent purchase of  
19 the property only by an eligible family at  
20 a price that will—

21 (I) provide the owner with a fair  
22 return on investment, including any  
23 improvements; and

24 (II) ensure that the housing will  
25 remain affordable; or

1 (ii) to recapture from any net pro-  
2 ceeds of the sale the amount necessary to  
3 avoid any unreasonable profit to the seller  
4 and make such amount available for use  
5 under the program; and

6 (3) in the case of multifamily housing—

7 (A) the number or percentage of units in  
8 the housing that comply with the applicable re-  
9 quirements established under paragraph (1) or  
10 (2); and

11 (B) the number or percentage of units in  
12 the housing available for occupancy only by eli-  
13 gible families.

14 (c) STANDARDS FOR INCOME GROUPS.—The Sec-  
15 retary shall issue regulations establishing requirements  
16 that must be met for a dwelling unit to be considered af-  
17 fordable for purposes of this title for each of the income  
18 groups.

19 **SEC. 206. ELIGIBLE PUBLIC ENTITIES.**

20 For purposes of this title, the term “eligible public  
21 entity” means, with respect to a fiscal year, a public entity  
22 that meets the following requirements:

23 (1) SUBMISSION OF CHAS.—The public entity  
24 has submitted to the Secretary a comprehensive  
25 housing affordability strategy under section 105 of



1 the Cranston-Gonzalez National Affordable Housing  
2 Act for such year that has been approved under such  
3 section.

4 (2) DESIGNATION OF RECIPIENT AGENCY.—The  
5 public entity has designated or established a public  
6 agency of the government of the public entity for  
7 purposes of carrying out this title for the public en-  
8 tity, which such agency—

9 (A) is governed by a board of directors or  
10 other similar governing body whose members—

11 (i) are appointed by the chief execu-  
12 tive officer of the government for the pub-  
13 lic entity, except that not less than 50 per-  
14 cent of the members shall be individuals  
15 who were recommended for membership by  
16 individuals and entities other than the  
17 agency referred to in the matter preceding  
18 subparagraph (A) or any official of the  
19 government for the public entity or of such  
20 agency;

21 (ii) include—

22 (I) not less than 1 individual who  
23 is homeless at the time of such ap-  
24 pointment or previously was homeless;

1 (II) not less than 1 individual  
2 who represents a nonprofit organiza-  
3 tion significantly engaged in low-in-  
4 come housing advocacy activities; and

5 (III) not less than 1 individual  
6 who represents a nonprofit organiza-  
7 tion significantly engaged in providing  
8 housing assistance and supportive  
9 services to low-income and homeless  
10 families; and

11 (iii) in the case of an agency for a  
12 public entity that is a State, complies with  
13 the requirements for geographic distribu-  
14 tion that the Secretary shall establish to  
15 ensure that the various geographic areas of  
16 the State are fairly represented in the  
17 membership of the governing body; and

18 (B) complies with requirements that the  
19 Secretary shall establish to ensure that the  
20 agency is capable of carrying out activities  
21 under this title for the public entity, including  
22 receiving and distributing the grant for the  
23 public entity, conducting activities under sec-  
24 tions 203 and 204 or selecting subgrantee orga-  
25 nizations and entities to undertake such activi-

1           ties, and monitoring such activities in accord-  
2           ance with section 212(a).

3           (3) PLAN.—The public entity has submitted to  
4           the Secretary a Trust Fund grant plan in accord-  
5           ance with section 208 for the fiscal year that has  
6           been approved by the Secretary under such section.

7           (4) COMPLIANCE WITH PROGRAM REQUIRE-  
8           MENTS.—The public entity has entered into an  
9           agreement with the Secretary, as the Secretary may  
10          require, to comply with the provisions of this title  
11          and the Trust Fund grant plan for such year for the  
12          entity that is approved by the Secretary.

13 **SEC. 207. REQUIREMENTS OF ELIGIBLE PUBLIC ENTITIES.**

14          (a) CITIZEN PARTICIPATION PROCEDURES.—Each  
15          eligible public entity that receives grant amounts for a fis-  
16          cal year shall establish procedures, in accordance with reg-  
17          ulations that the Secretary shall issue to carry out this  
18          subsection, to ensure the participation of citizens in deter-  
19          minations relating to the programs for assistance under  
20          sections 203 and 204, subject to the following require-  
21          ments:

22               (1) COVERED ISSUES.—The citizen participa-  
23          tion procedures under this subsection shall apply to  
24          any determinations made for the eligible public en-  
25          tity regarding the following issues:

1 (A) Identifying the housing needs of the  
2 entity and priorities for use of grant amounts  
3 for addressing such needs.

4 (B) Developing requirements and proce-  
5 dures for expending grant amounts.

6 (C) Reviewing proposals for assistance  
7 with grant amounts and determining the alloca-  
8 tion of grant amounts among such proposals.

9 (D) Monitoring and reviewing the perform-  
10 ance of the eligible public entity in complying  
11 with the Trust Fund grant plan of the entity.

12 (E) Recommending and developing im-  
13 provements in the operations of the eligible  
14 public entity to implement the Trust Fund  
15 grant plan of the entity.

16 (F) Amending or changing the Trust Fund  
17 grant plan for the entity.

18 (G) Submitting a performance review  
19 under section 212(a) for the entity.

20 (H) Establishing a system of local pref-  
21 erences under section 203(d)(2) for housing  
22 costs assistance.

23 (I) Such other issues as the Secretary may  
24 provide.

1           (2) PROCEDURE.—The citizen participation re-  
2           quirements under this subsection for an eligible pub-  
3           lic entity shall provide for—

4                   (A) public hearings to obtain the views of  
5                   citizens, public agencies, and other interested  
6                   parties regarding significant actions referred to  
7                   in paragraph (1), which shall be conducted a  
8                   reasonable period of time before any such ac-  
9                   tion is taken;

10                   (B) publication of each performance review  
11                   under section 212(a) and any substantial  
12                   amendment to or change in the Trust Fund  
13                   grant plan for the entity; and

14                   (C) a procedure for submission of com-  
15                   plaints and grievances regarding the operation  
16                   of the programs of the public entity assisted  
17                   under this title and for a written response by  
18                   the public entity to each such grievance and  
19                   complaint not later than 15 days after submis-  
20                   sion.

21           (b) HOUSING QUALITY STANDARDS AND ENFORCE-  
22           MENT.—

23                   (1) SECTION 8 STANDARDS.—Except as pro-  
24                   vided in paragraph (2), each dwelling unit assisted  
25                   with grant amounts shall be maintained in the con-

1       dition that is required under the housing quality  
2       standards established under section 8 of the United  
3       States Housing Act of 1937 with respect to dwelling  
4       units assisted under such section.

5           (2) ESTABLISHMENT OF LOCAL STANDARDS.—

6       Each dwelling unit assisted with grant amounts pro-  
7       vided to an eligible public entity whose jurisdiction  
8       is subject to a housing code or quality standards  
9       that have been determined by the Secretary to pro-  
10      vide protection for the health and safety of housing  
11      residents equivalent to or greater than the protection  
12      provided by the standards applicable to housing as-  
13      sisted under section 8 of the United States Housing  
14      Act of 1937 shall be maintained in compliance with  
15      such local code or standards.

16          (3) ENFORCEMENT.—Each eligible public entity

17      that receives grant amounts for a fiscal year shall  
18      have in effect procedures, in accordance with regula-  
19      tions that the Secretary shall issue to carry out this  
20      paragraph, to ensure that each dwelling unit of  
21      housing assisted with grant amounts is maintained  
22      in accordance with the housing code or quality  
23      standards applicable under paragraph (1) or (2).  
24      Such procedures may include providing for the vol-  
25      untary transfer of housing that violates such code or

1 standards in a significant manner to an owner who  
2 will remedy such violations and maintain the hous-  
3 ing in accordance with such code or standards.

4 (c) PREVENTION OF DISPLACEMENT.—

5 (1) IN GENERAL.—Each eligible public entity  
6 that receives grant amounts for a fiscal year shall  
7 establish standards and procedures, in accordance  
8 with regulations established by the Secretary, to  
9 minimize the displacement of moderate-income fami-  
10 lies by activities conducted in whole or in part with  
11 grant amounts.

12 (2) RELOCATION ASSISTANCE.—The standards  
13 and procedures shall ensure that any such family in-  
14 voluntarily displaced by such activities—

15 (A) is provided assistance under the hous-  
16 ing costs assistance program, if such family is  
17 an eligible family; and

18 (B) is provided assistance in obtaining and  
19 relocating to a reasonable and suitable alter-  
20 native dwelling unit of decent and affordable  
21 housing.

22 (d) PROHIBITION OF ASSISTANCE BY STATES FOR  
23 ENTITLEMENT COMMUNITIES.—An eligible public entity  
24 that is a State that receives grant amounts for a fiscal  
25 year may not use any of such amounts for carrying out

1 eligible activities under section 202(a) in entitlement com-  
2 munities within the State.

3 (e) ENFORCEMENT OF REQUIREMENTS.—Each eligi-  
4 ble public entity that receives grant amounts for a fiscal  
5 year shall have in effect procedures, in accordance with  
6 regulations that the Secretary shall issue to carry out this  
7 subsection, to ensure that any grant amounts provided to  
8 any subgrantee to carry out a housing costs assistance  
9 program or a housing supply assistance program are used  
10 in accordance with the requirements of this title.

11 **SEC. 208. TRUST FUND GRANT PLANS.**

12 (a) REQUIREMENTS FOR APPROVAL.—A Trust Fund  
13 grant plan for a public entity for a fiscal year is in accord-  
14 ance with this section only if the plan complies with follow-  
15 ing requirements:

16 (1) SUBMISSION.—The plan is submitted not  
17 later than 90 days before the commencement of the  
18 fiscal year by the agency of the public entity des-  
19 ignated under section 206(2).

20 (2) HOUSING COSTS ASSISTANCE PROGRAM.—  
21 The plan—

22 (A) provides for using grant amounts to  
23 the extent provided in section 202(b)(1)(A) to  
24 carry out a housing costs assistance program in



1 accordance with section 203 within the jurisdic-  
2 tion of the public entity;

3 (B) describes how assistance will be pro-  
4 vided under the program to assist minority  
5 families to move to areas without high con-  
6 centrations of persons living in poverty;

7 (C) describes how families receiving assist-  
8 ance under the program will be provided coun-  
9 seling in accordance with section 203(g); and

10 (D) describes the operation of the program  
11 and identifies and describes the entities admin-  
12 istrating the program.

13 (3) HOUSING SUPPLY ASSISTANCE PROGRAM.—

14 The plan—

15 (A) provides for using grant amounts to  
16 the extent provided in section 202(b)(1)(B) to  
17 carry out a housing supply assistance program  
18 in accordance with section 204 within the juris-  
19 diction of the public entity;

20 (B) describes, for each income group, the  
21 shortage of decent housing in the jurisdiction of  
22 the public entity that is affordable for the in-  
23 come group;

24 (C) describes how, and the extent to which,  
25 the program will remedy such shortages;

1 (D) describes the priorities for the types of  
2 housing to be provided under the program, the  
3 areas for locating housing to be provided under  
4 the program, and the families to be offered oc-  
5 cupancy in such housing;

6 (E) describes how the program will comply  
7 with the requirements under section 207(c) re-  
8 garding avoiding displacement and providing  
9 assistance for families involuntarily displaced;

10 (F) describes the provisions under the pro-  
11 gram to comply with section 207(b) regarding  
12 ensuring housing quality; and

13 (G) describes the operation of the program  
14 and identifies and describes the entities admin-  
15 istrates the program.

16 (4) CERTIFICATION OF PREVIOUS COMPLI-  
17 ANCE.—With respect to fiscal year 1996 and subse-  
18 quent fiscal years, the plan contains a certification  
19 that, for the most recent fiscal year for which the el-  
20 igible public entity received a grant under this title,  
21 the entity complied with the requirements under this  
22 title.

23 (5) CITIZEN PARTICIPATION IN PREPARA-  
24 TION.—The public entity has, in preparing the  
25 plan—

1 (A) made available to citizens, public agen-  
2 cies, and other interested parties reasonable  
3 and timely access to meetings, information, and  
4 records relating to any amounts the entity has  
5 received under this title in previous years, the  
6 amount the entity expects to receive for the fis-  
7 cal year under this title, and the proposed uses  
8 of the grant amounts;

9 (B) published the proposed plan in a man-  
10 ner that, in the determination of the Secretary,  
11 affords affected citizens, public agencies, and  
12 other interested parties a reasonable oppor-  
13 tunity to examine its content and to submit  
14 comments on the proposed plan;

15 (C) held 1 or more public hearings to ob-  
16 tain the views of citizens, public agencies, and  
17 other interested parties on the needs of the  
18 public entity with respect to eligible families  
19 and the supply of affordable housing;

20 (D) considered any comments or views of  
21 citizens in preparing the final plan for submis-  
22 sion under this section and attached a summary  
23 of such comments or views to the plan submit-  
24 ted; and

1           (E) made the plan submitted available to  
2           the public.

3           (6) ONGOING CITIZEN PARTICIPATION.—The  
4           plan describes the procedures for ongoing citizen  
5           participation required under section 207(a).

6           (7) HOUSING QUALITY ENFORCEMENT MEAS-  
7           URES.—The plan describes the procedures developed  
8           to comply with the requirement under section  
9           207(b)(3) to enforce the housing code or quality  
10          standards applicable to housing assisted under this  
11          title.

12          (8) OTHER.—The plan contains any other in-  
13          formation that the Secretary considers appropriate  
14          to carry out the purposes of this title.

15          (b) REVIEW.—

16               (1) IN GENERAL.—Upon the submission of a  
17          Trust Fund grant plan under this section, the Sec-  
18          retary shall review the plan to determine whether it  
19          is in accordance with this section. Not later than 90  
20          days after receipt by the Secretary, the Secretary  
21          shall approve the plan unless the Secretary deter-  
22          mines that it has not been submitted in accordance  
23          with this section, in which case the Secretary shall  
24          disapprove the plan.

1           (2) NOTIFICATION.—The Secretary shall imme-  
2           diately notify the public entity submitting a plan, in  
3           writing, of any approval or disapproval of the plan.  
4           A plan shall be considered to have been approved  
5           under this subsection for purposes of section 206(3)  
6           unless the Secretary provides notice under this para-  
7           graph of disapproval during the period referred to  
8           paragraph (1) of this subsection.

9           (3) DISAPPROVAL.—In the case of a plan dis-  
10          approved by the Secretary, the Secretary shall in-  
11          clude with the notification of disapproval a written  
12          description of the reasons for the disapproval identi-  
13          fying the specific deficiencies of the plan.

14          (4) AMENDMENTS AND RESUBMISSION.—Any  
15          public entity whose plan has been disapproved may  
16          amend or resubmit the plan during the 60-day pe-  
17          riod beginning upon notice of disapproval. The Sec-  
18          retary shall review, and approve or disapprove, a  
19          plan amended or resubmitted under this paragraph  
20          not later than 60 days after receipt of the resubmit-  
21          ted plan, and shall immediately notify the public en-  
22          tity amending or resubmitting the plan, in writing,  
23          of such approval or disapproval. A plan resubmitted  
24          or amended under this paragraph shall be consid-  
25          ered to have been approved under this subsection for

1 purposes of section 206(3) unless the Secretary pro-  
2 vides notice under this paragraph of disapproval  
3 during such period.

4 (c) UPDATED PLANS.—A public entity may, for any  
5 fiscal year, submit to the Secretary a Trust Fund grant  
6 plan that was submitted by the public entity for a preced-  
7 ing fiscal year and approved under this section by the Sec-  
8 retary, together with written changes or amendments to  
9 such plan. Such plan, together with such changes and  
10 amendments, shall be considered for purposes of this title  
11 to be the Trust Fund grant plan submitted by such public  
12 entity for the fiscal year.

13 **SEC. 209. ALLOCATION OF TRUST FUND AMOUNTS FOR**  
14 **STATES, ENTITLEMENT COMMUNITIES, AND**  
15 **INDIAN TRIBES.**

16 (a) SET ASIDE FOR HUD ADMINISTRATIVE ACTIVI-  
17 TIES.—For each fiscal year, the Secretary shall reserve  
18 for activities under section 213 an amount equal to 1 per-  
19 cent of the total amounts available for the fiscal year to  
20 carry out this title.

21 (b) ENTITLEMENT COMMUNITIES.—

22 (1) IN GENERAL.—In each fiscal year, the Sec-  
23 retary shall allocate a portion of the total Fund  
24 grant amounts (as such term is defined in section  
25 217) for the fiscal year for grants under this title

1 for eligible public entities that are entitlement com-  
2 munities.

3 (2) AMOUNT.—For a fiscal year, the amount al-  
4 located for entitlement communities pursuant to  
5 paragraph (1) shall bear the same ratio to the total  
6 Fund grant amounts for the fiscal year that—

7 (A) the number of low-income families with  
8 a housing problem who reside in an entitlement  
9 community that is an eligible public entity,  
10 bears to

11 (B) the total number (for all States) of  
12 low-income families with a housing problem.

13 (c) INDIAN TRIBES.—

14 (1) IN GENERAL.—In each fiscal year, the Sec-  
15 retary shall allocate a portion of the total Fund  
16 grant amounts for the fiscal year for eligible public  
17 entities that are Indian tribes.

18 (2) AMOUNT.—For a fiscal year, the amount al-  
19 located for Indian tribes pursuant to paragraph (1)  
20 shall bear the same ratio to the total Fund grant  
21 amounts for the fiscal year that—

22 (A) the number of low-income families  
23 who—

24 (i) have a housing problem,

1 (ii) have a head of household who is  
2 a member of an Indian tribe, and

3 (iii) reside on Indian land,

4 bears to

5 (B) the total number (for all States) of  
6 low-income families with a housing problem.

7 (d) STATES.—

8 (1) IN GENERAL.—In each fiscal year, the Sec-  
9 retary shall allocate a portion of the total Fund  
10 grant amounts for the fiscal year for eligible public  
11 entities that are States.

12 (2) AMOUNT.—For a fiscal year, the amount al-  
13 located for States pursuant to paragraph (1) shall  
14 be equal to the difference between—

15 (A) the total Fund grant amounts for the  
16 fiscal year; and

17 (B) the sum of the portions for allocation  
18 for the fiscal year for entitlement communities  
19 and Indian tribes, as determined under sub-  
20 sections (b) and (c), respectively.

21 (e) SOURCE OF INFORMATION REGARDING FAMILIES  
22 WITH A HOUSING PROBLEM.—In determining the ratios  
23 under subsections (b)(2) and (c)(2), the Secretary shall  
24 use the most recent information regarding the number of  
25 families with housing problems tabulated by the Bureau



1 of the Census, Department of Commerce, pursuant to in-  
2 formation compiled for use in preparing the comprehensive  
3 housing affordability strategies submitted by participating  
4 jurisdictions under section 105 of the Cranston-Gonzalez  
5 National Affordable Housing Act.

6 **SEC. 210. GRANT ALLOTMENTS.**

7 (a) IN GENERAL.—The amount of the allotment for  
8 an eligible public entity for a fiscal year shall be deter-  
9 mined as follows:

10 (1) ENTITLEMENT COMMUNITIES.—For an eli-  
11 gible public entity that is an entitlement community,  
12 the amount of the allotment shall be the sum of the  
13 following amounts:

14 (A) HIGH HOUSING COSTS.—The product  
15 of—

16 (i) 67 percent of the amount of the al-  
17 location under section 209(b) for the fiscal  
18 year for entitlement communities, and

19 (ii) the high housing cost ratio under  
20 subsection (b)(1) for the entitlement com-  
21 munity,

22 as adjusted by the Secretary in accordance with  
23 subsection (c).

24 (B) AFFORDABLE HOUSING SUPPLY.—The  
25 product of—

1 (i) 33 percent of the amount of the al-  
2 location under section 209(b) for the fiscal  
3 year for entitlement communities; and

4 (ii) the affordable housing supply mul-  
5 tiplier under subsection (d) for the entitle-  
6 ment community.

7 (2) INDIAN TRIBES.—For an eligible public en-  
8 tity that is an Indian tribe, the amount of the allot-  
9 ment shall be the sum of the following amounts:

10 (A) HIGH HOUSING COSTS.—The product  
11 of—

12 (i) 67 percent of the amount of the al-  
13 location under section 209(c) for the fiscal  
14 year for Indian tribes, and

15 (ii) the high housing cost ratio under  
16 subsection (b)(2) for the Indian tribe,  
17 as adjusted by the Secretary in accordance with  
18 subsection (c).

19 (B) AFFORDABLE HOUSING SUPPLY.—The  
20 product of—

21 (i) 33 percent of the amount of the al-  
22 location under section 209(c) for the fiscal  
23 year for Indian tribes; and

1 (ii) the affordable housing supply mul-  
2 tiplier under subsection (d) for the Indian  
3 tribe.

4 (3) STATES.—For an eligible public entity that  
5 is a State, the amount of the allotment shall be the  
6 sum of the following amounts:

7 (A) HIGH HOUSING COSTS.—The product  
8 of—

9 (i) 67 percent of the amount of the al-  
10 location under section 209(d) for the fiscal  
11 year for States, and

12 (ii) the high housing cost ratio under  
13 subsection (b)(3) for the State,  
14 as adjusted by the Secretary in accordance with  
15 subsection (c).

16 (B) AFFORDABLE HOUSING SUPPLY.—The  
17 product of—

18 (i) 33 percent of the amount of the al-  
19 location under section 209(d) for the fiscal  
20 year for States; and

21 (ii) the affordable housing supply mul-  
22 tiplier under subsection (d) for the State.

23 (b) HIGH HOUSING COST RATIO.—The ratio under  
24 this subsection for an eligible public entity shall be—

1           (1) in the case of an entitlement community,  
2       the ratio of—

3           (A) the number of families residing in the  
4       entitlement community who pay more than 50  
5       percent of the gross family income for housing  
6       costs, to

7           (B) the total number of families residing in  
8       entitlement communities who pay more than 50  
9       percent of the gross family income for housing  
10      costs;

11       (2) in the case of an Indian tribe, the ratio of—

12           (A) number of families who—

13               (i) pay more than 50 percent of the  
14              gross family income for housing costs,

15               (ii) have a head of household who is  
16              a member of the tribe, and

17               (iii) reside on Indian land of the tribe,  
18              to

19           (B) the total number of families who—

20               (i) pay more than 50 percent of the  
21              gross family income for housing costs,

22               (ii) have a head of household who is  
23              a member of an Indian tribe, and

24               (iii) reside on Indian land; and

25       (3) in the case of a State, the ratio of—

1 (A) the number of families residing in the  
2 State (but not within an entitlement commu-  
3 nity) who pay more than 50 percent of the  
4 gross family income for housing costs, to

5 (B) the total number of families residing in  
6 all States (but not within an entitlement com-  
7 munity) who pay more than 50 percent of the  
8 gross family income for housing costs.

9 (c) ADJUSTMENT FOR HIGH HOUSING COSTS.—Ad-  
10 justment of an amount for an eligible public entity in ac-  
11 cordance with this subsection shall be an adjustment to  
12 the extent necessary to reflect the cost of affordable hous-  
13 ing in the eligible public entity relative to the cost of af-  
14 fordable housing in other eligible entities, as determined  
15 by the Secretary. Any adjustment of amounts for a fiscal  
16 year in accordance with this subsection shall be made in  
17 such amounts so that the sum of the allotments for all  
18 eligible public entities resulting from paragraphs (1)(A),  
19 (2)(A), and (3)(A) of subsection (a) is equal to 67 percent  
20 of the total Fund grant amounts for the fiscal year.

21 (d) AFFORDABLE HOUSING SUPPLY MULTIPLIER.—

22 (1) IN GENERAL.—The Secretary shall, by reg-  
23 ulation, establish a formula to determine, for each  
24 eligible public entity, a number (for purposes of this  
25 section referred to as the “affordable housing supply

1 multiplier”) that reflects the share, for each eligible  
2 public entity, of the total need in all States for addi-  
3 tional units of decent housing that is permanently  
4 affordable for extremely low-, very low-, and low-in-  
5 come families of different size relative to the share  
6 of such need for other eligible public entities, as ad-  
7 justed to take into consideration prevailing levels of  
8 construction and rehabilitation costs.

9 (2) FACTORS.—The formula established pursu-  
10 ant to paragraph (1) shall be based on objective  
11 measures of inadequate housing supply, including—

12 (A) population growth;

13 (B) costs of acquiring, rehabilitating, and  
14 constructing affordable housing;

15 (C) relative fiscal incapacity to carry out  
16 activities under section 204 without Federal as-  
17 sistance; and

18 (D) special housing needs.

19 (e) DE MINIMIS RULE.—Notwithstanding subsection  
20 (a)—

21 (1) if the allotment determined under sub-  
22 section (a)(1) for an entitlement community is less  
23 than \$750,000, the amount of the allotment for the  
24 entitlement community shall instead be \$750,000,

1 and the allotment for each other entitlement commu-  
2 nity shall be adjusted on a pro rata basis;

3 (2) if the allotment determined under sub-  
4 section (a)(2) for an Indian tribe is less than  
5 \$500,000, the amount of the allotment for the In-  
6 dian tribe shall instead be \$500,000, and the allot-  
7 ment for each other Indian tribe shall be adjusted  
8 on a pro rata basis; and

9 (3) if the allotment determined under sub-  
10 section (a)(3) for a State is less than \$2,000,000,  
11 the amount of the allotment for the State shall in-  
12 stead be \$2,000,000, and the allotment for each  
13 other State shall be adjusted on a pro rata basis.

14 **SEC. 211. MAINTENANCE OF STATE AND LOCAL EFFORT.**

15 Assistance provided with grant amounts may not be  
16 used to replace other public funds previously used, or des-  
17 ignated for use, for activities of the type eligible to be as-  
18 sisted under this title.

19 **SEC. 212. COMPLIANCE.**

20 (a) MONITORING AND PERFORMANCE REPORTS.—

21 (1) IN GENERAL.—Each eligible public entity  
22 shall monitor the programs for assistance under this  
23 title carried out by the entity and activities assisted  
24 under such programs, and annually conduct a review  
25 of the progress made in carrying out the Trust

1 Fund grant plan for the entity. Each eligible public  
2 entity shall annually submit a report on such mon-  
3 itoring and review, in the form established by the  
4 Secretary, which shall include information describing  
5 the number and types of families served, including  
6 the number of families in each income group as-  
7 sisted under this title and the racial and ethnic sta-  
8 tus of persons assisted.

9 (2) SUBMISSION.—The Secretary shall establish  
10 dates for submission of reports under this subsection  
11 and review the reports and make such recommenda-  
12 tions as the Secretary considers appropriate to carry  
13 out the purposes of this title.

14 (3) FAILURE TO REPORT.—If an eligible public  
15 entity fails to submit a report to the Secretary in a  
16 timely manner or the Secretary determines that the  
17 report is incomplete, assistance under this title to  
18 the entity may be—

19 (A) withheld until a report satisfactory to  
20 the Secretary is submitted; or

21 (B) withdrawn and credited to the Fund  
22 for reallocation under section 209 of this title  
23 in the succeeding fiscal year, but only if the  
24 Secretary determines on the record, after notice  
25 to the entity and an opportunity for a hearing,



1           that the entity will not submit a satisfactory re-  
2           port.

3           (b) PERFORMANCE REVIEW BY SECRETARY.—

4           (1) IN GENERAL.—The Secretary shall review  
5           the activities of each eligible public entity that re-  
6           ceives grant amounts for a fiscal year in a timely  
7           manner after the conclusion of such fiscal year.  
8           Such review shall include regular on-site visits in ac-  
9           cordance with a schedule established by the Sec-  
10          retary and assessment of—

11                 (A) management of grant amounts pro-  
12                 vided to the eligible public entity;

13                 (B) compliance by the eligible public entity  
14                 with the Trust Fund grant plan of the entity;

15                 (C) the accuracy of eligible public entity in  
16                 preparing performance reports under subsection  
17                 (a); and

18                 (D) efforts of the eligible public entity to  
19                 ensure that housing assisted with grant  
20                 amounts are maintained in compliance with  
21                 contractual agreements and the requirements  
22                 under this title.

23           (2) REPORT.—For each eligible public entity  
24           that submits a performance review under subsection  
25           (a), the Secretary shall submit to the entity a writ-

1       ten preliminary report evaluating the performance  
2       review. During the 30-day period beginning upon  
3       submission of the report, the eligible public entity  
4       may submit to the Secretary comments regarding  
5       the report. After reviewing such comments but not  
6       later than 30 days after the conclusion of such pe-  
7       riod, the Secretary shall submit to the eligible public  
8       entity a final report evaluating the performance re-  
9       port of the entity. Upon submission to the eligible  
10      public entity, the Secretary shall make the final re-  
11      port, together with the comments submitted by the  
12      entity, publicly available.

13      (c) REMEDIES FOR NONCOMPLIANCE WITH PRO-  
14      GRAM REQUIREMENTS.—

15           (1) AVAILABLE REMEDIES.—If the Secretary  
16      finds on the record, after reasonable notice and op-  
17      portunity for hearing, that an eligible public entity  
18      has failed to comply substantially with any provision  
19      of this title, the Secretary, until the Secretary deter-  
20      mines that there is no longer any such failure to  
21      comply, shall take one or more of the following ac-  
22      tions:

23           (A) Termination of the payment of assist-  
24      ance under this title to the entity.

1 (B) Reduction of the amount of assistance  
2 under this title to the entity by an amount  
3 equal to the amount of such payments which  
4 were not expended in accordance with this title.

5 (C) Limitation of the availability of pay-  
6 ments under this title to programs, projects, or  
7 activities not affected by such failure to comply.

8 (D) Termination of the allotment for the  
9 entity for subsequent fiscal years.

10 (2) CIVIL ACTION.—

11 (A) AVAILABILITY.—In lieu of, or in addi-  
12 tion to, any action authorized by paragraph (1),  
13 the Secretary may, if the Secretary has reason  
14 to believe that an eligible public entity has  
15 failed to comply substantially with any provision  
16 of this title, refer the matter to the Attorney  
17 General of the United States with a rec-  
18 ommendation that an appropriate civil action be  
19 commenced.

20 (B) RELIEF SOUGHT.—Upon such a refer-  
21 ral the Attorney General may bring a civil ac-  
22 tion in any United States district court having  
23 venue thereof for such relief as may be appro-  
24 priate, including an action to recover the  
25 amount of the assistance provided under this

1 title which was not expended in accordance with  
2 this title, or for mandatory or injunctive relief.

3 (3) PETITION FOR REVIEW.—

4 (A) AVAILABILITY.—Any eligible public en-  
5 tity which receives notice under paragraph (1)  
6 of the termination, reduction, or limitation of  
7 payments under this title may, within 60 days  
8 after receiving such notice, file with the United  
9 States Court of Appeals for the circuit in which  
10 such State is located, or in the United States  
11 Court of Appeals for the District of Columbia,  
12 a petition for review of the Secretary's action.  
13 The petitioner shall forthwith transmit copies of  
14 the petition to the Secretary and the Attorney  
15 General of the United States, who shall rep-  
16 resent the Secretary in the litigation.

17 (B) FILING OF RECORD.—The Secretary  
18 shall file in the court a record of the proceeding  
19 on which the Secretary based the action, as pro-  
20 vided in section 2112 of title 28, United States  
21 Code. No objection to the action of the Sec-  
22 retary shall be considered by the court unless  
23 such objection has been urged before the Sec-  
24 retary.

1 (C) RULES OF PROCEEDING.—The court  
2 shall have jurisdiction to affirm or modify the  
3 action of the Secretary or to set it aside in  
4 whole or in part. The findings of fact by the  
5 Secretary, if supported by substantial evidence  
6 on the record considered as a whole, shall be  
7 conclusive. The court may order additional evi-  
8 dence to be taken by the Secretary, and to be  
9 made part of the record. The Secretary may  
10 modify findings of fact made by the Secretary,  
11 or make new findings, by reason of the new evi-  
12 dence so taken and filed with the court, and the  
13 Secretary shall also file such modified or new  
14 findings, which findings with respect to ques-  
15 tions of fact shall be conclusive if supported by  
16 substantial evidence on the record considered as  
17 a whole, and shall also file a recommendation,  
18 if any, for the modification or setting aside of  
19 the original action of the Secretary.

20 (D) JURISDICTION.—Upon the filing of the  
21 record with the court, the jurisdiction of the  
22 court shall be exclusive and its judgment shall  
23 be final, except that such judgment shall be  
24 subject to review by the Supreme Court of the  
25 United States upon writ of certiorari or certifi-

1 cation as provided in section 1254 of title 28,  
2 United State Code.

3 **SEC. 213. ADMINISTRATIVE EXPENSES.**

4 The Secretary may use the amounts reserved under  
5 section 209(a) for a fiscal year for conducting perform-  
6 ance reviews under section 212(b), for costs of the Hous-  
7 ing Trust Fund Advisory Committee under section 213,  
8 and for costs of administration relating to carrying out  
9 this title.

10 **SEC. 214. HOUSING TRUST FUND PROGRAM ADVISORY**  
11 **COMMITTEE.**

12 (a) ESTABLISHMENT.—There is hereby established  
13 the Housing Trust Fund Advisory Committee (in this sec-  
14 tion referred to as the “Committee”).

15 (b) MEMBERSHIP.—

16 (1) APPOINTMENT.—The Committee shall be  
17 composed of an odd number of members, which is  
18 not less than 7 and not more than 15, who shall be  
19 appointed by the Secretary of Housing and Urban  
20 Development.

21 (2) EXPERIENCE.—Not less than a majority of  
22 the members of the Committee shall be individuals  
23 who—

24 (A) represent the interests of low-income  
25 families; or

1           (B) have experience in issues regarding  
2           providing affordable housing for low-income  
3           families and in working on such issues with  
4           low-income families.

5           (c) CHAIRPERSON.—The Chairperson of the Commit-  
6           tee shall be designated by the Secretary at the time of  
7           appointment.

8           (d) TERMS.—

9           (1) IN GENERAL.—Each member of the Com-  
10          mittee shall be appointed for a term of 4 years, ex-  
11          cept as provided in paragraphs (2) and (3).

12          (2) TERMS OF INITIAL APPOINTEES.—As des-  
13          ignated by the Secretary at the time of appointment,  
14          of the members first appointed—

15                (A) not less than 1 shall be appointed for  
16                a term of 1 year;

17                (B) not less than 2 shall be appointed for  
18                terms of 2 years;

19                (C) not less than 2 shall be appointed for  
20                terms of 3 years; and

21                (D) not less than 2 shall be appointed for  
22                terms of 4 years.

23          (3) VACANCIES.—Any member appointed to fill  
24          a vacancy occurring before the expiration of the  
25          term for which the member's predecessor was ap-

1       pointed shall be appointed only for the remainder of  
2       such term.

3       (e) DUTIES.—The Committee shall meet not less  
4       than annually to—

5               (1) review the use by eligible public entities of  
6       amounts provided under this title to the entities  
7       from the Fund;

8               (2) make recommendations to the Adminis-  
9       trator for changes in Federal policy to further the  
10      purposes of this title; and

11              (3) consider such other matters relating to the  
12      Fund and the housing costs assistance and housing  
13      supply assistance programs under this title as the  
14      Committee considers appropriate or requested by the  
15      Secretary, including—

16                      (A) reviewing the allocation of amounts  
17                      under section 209;

18                      (B) periodically reviewing the formulas and  
19                      system for grant allotments under section 210,  
20                      including the establishment of the high housing  
21                      cost ratios, adjustments for high housing costs,  
22                      and affordable housing supply multipliers; and

23                      (C) analyzing the adequacy of the grant al-  
24                      lotments determined under section 210 for ena-



1           bling public entities to respond to the housing  
2           needs in their jurisdictions.

3           (f) REIMBURSEMENT FOR EXPENSES.—Members of  
4 the Committee shall serve without pay, but, to the extent  
5 amounts are available pursuant to section 209, shall be  
6 entitled to reimbursement for travel, subsistence, and  
7 other necessary expenses incurred in the performance of  
8 their duties.

9           (g) EXEMPTION FROM AUTOMATIC TERMINATION  
10 PROVISIONS.—Section 14(a)(2)(B) of the Federal Advi-  
11 sory Committee Act (5 U.S.C. App.; relating to the termi-  
12 nation of advisory committees) shall not apply to the Com-  
13 mittee.

14 **SEC. 215. ADMINISTRATOR OF TRUST FUND IN DEPART-**  
15 **MENT OF HOUSING AND URBAN DEVELOP-**  
16 **MENT.**

17           Section 4 of the Department of Housing and Urban  
18 Development Act (42 U.S.C. 3533) is amended by adding  
19 at the end the following new subsection:

20           “(g) ADMINISTRATOR OF TRUST FUND.—There shall  
21 be in the Department an Administrator of the Housing  
22 Trust Fund, who shall be appointed by the President by  
23 and with the advice and consent of the Senate, who shall  
24 be responsible, on behalf of the Secretary, for administer-  
25 ing amounts in the Housing Trust Fund established under

1 section 9512 of the Internal Revenue Code of 1986 in ac-  
2 cordance with title II of the Federal Housing Trust Fund  
3 Act of 1994.”.

4 **SEC. 216. DEFINITIONS.**

5 For purposes of this title, the following definitions  
6 shall apply:

7 (1) The term “adjusted income” means, with  
8 respect to a family, the income of the family (from  
9 all sources) which remains after excluding—

10 (A) \$550 for each member of the family  
11 residing in the household (other than the head  
12 of the household or his spouse) who is under 18  
13 years of age or who is 18 years of age or older  
14 and is disabled or handicapped or a full-time  
15 student;

16 (B) \$400 for any elderly or disabled fam-  
17 ily;

18 (C) the amount by which the aggregate of  
19 the following expenses of the family exceeds 3  
20 percent of annual family income: (i) medical ex-  
21 penses for any family, and (ii) reasonable at-  
22 tendant care and auxiliary apparatus expenses  
23 for each handicapped member of any family, to  
24 the extent necessary to enable any member of

1           such family (including such handicapped mem-  
2           ber) to be employed;

3           (D) child care expenses to the extent nec-  
4           essary to enable another member of the family  
5           to be employed or to further his or her edu-  
6           cation;

7           (E) 10 percent of the earned income of the  
8           family;

9           (F) any payment made by a member of the  
10          family for the support and maintenance of any  
11          child, spouse, or former spouse who does not re-  
12          side in the household, except that the amount  
13          excluded under this subparagraph shall not ex-  
14          ceed the lesser of (i) the amount that such fam-  
15          ily member has a legal obligation to pay; or (ii)  
16          \$550 for each individual for whom such pay-  
17          ment is made;

18          (G) an amount equal to 50 percent of ag-  
19          gregate amount of personal exemptions allowed  
20          under section 151 of the Internal Revenue Code  
21          of 1986 for the family; and

22          (H) excessive travel expenses, not to ex-  
23          ceed \$25 per family per week, for employment-  
24          or education-related travel.

1           (2) The term “affordable” means, with respect  
2           to a particular income group, that a dwelling unit  
3           complies with the requirements established under  
4           section 205(c) for the income group.

5           (3) The term “affordable housing” means hous-  
6           ing that complies with the requirements established  
7           under section 205(a).

8           (4) The term “city” has the meaning given the  
9           term in section 102(a) of the Housing and Commu-  
10          nity Development Act of 1974.

11          (5) The term “community housing development  
12          organization” has the meaning given the term in  
13          section 104 of the Cranston-Gonzalez National Af-  
14          fordable Housing Act.

15          (6) The term “decent” means, with respect to  
16          housing, that the housing is maintained in the condi-  
17          tion required by the housing quality standards estab-  
18          lished under section 8 of the United States Housing  
19          Act of 1937 with respect to dwelling units assisted  
20          under such section or in compliance with the re-  
21          quirement under paragraph (2) of section 207(b), if  
22          applicable.

23          (7) The term “eligible family” means a house-  
24          hold, including a single person, for whom the fair  
25          market rental of a dwelling unit of the size appro-

1        piate for the household and located in the jurisdic-  
2        tion of the eligible public entity providing assistance  
3        under this title for the family exceeds 30 percent of  
4        the household's adjusted monthly income.

5            (8) The term "eligible public entity" means a  
6        public entity that meets the requirements of section  
7        206.

8            (9) The term "entitlement community" means,  
9        with respect to a fiscal year—

10            (A) any city within a metropolitan area  
11            which is the central city of such area, as de-  
12            fined and used by the Director of the Office of  
13            Management and Budget;

14            (B) any other city, within a metropolitan  
15            area that has a population of 100,000 or more;

16            (C) any county that is classified for the fis-  
17            cal year as an urban county for purposes of the  
18            community development block grant program  
19            under title I of the Housing and Community  
20            Development Act of 1974; or

21            (D) any consortia of units of general local  
22            government that the Secretary determines has  
23            sufficient authority and administrative capacity  
24            to carry out the functions of an entitlement

1 community under this title on behalf of its  
2 member jurisdictions.

3 (10) The term “extremely low-income family”  
4 means a household whose income does not exceed 30  
5 percent of the median income for the area, as deter-  
6 mined by the Secretary with adjustments for smaller  
7 and larger households.

8 (11) The term “fair market rental” means the  
9 fair market rental for a dwelling unit established  
10 under section 8 of the United States Housing Act of  
11 1937.

12 (12) The term “family with housing problems”  
13 means a low-income family—

14 (A) that pays for housing costs an amount  
15 in excess of 30 percent of the adjusted income  
16 of the family; or

17 (B) lives in a dwelling unit that is over-  
18 crowded or that lacks kitchen or plumbing fa-  
19 cilities.

20 (13) The term “Fund” means the Housing  
21 Trust Fund established by section 9512 of the Inter-  
22 nal Revenue Code of 1986.

23 (14) The term “grant amounts” means  
24 amounts provided under this title to an eligible pub-  
25 lic entity.

1           (15) The term “homeless individual” has the  
2 meaning given the term in section 103 of the Stew-  
3 art B. McKinney Homeless Assistance Act.

4           (16) The term “housing costs” means, with re-  
5 spect to a family, the sum of the amounts paid by  
6 the family, in rent or loan payments, for a dwelling  
7 unit and essential housing utilities (not including  
8 telephone).

9           (17) The term “income group” means the fol-  
10 lowing groups:

11                   (A) Extremely low-income families.

12                   (B) Very low-income families.

13                   (C) Low-income families.

14                   (D) Moderate-income families.

15           (18) The term “Indian land” means any real  
16 property owned by an Indian tribe, any real property  
17 held in trust by the United States for an Indian or  
18 Indian tribes, and any real property held by an In-  
19 dian or Indian tribes that is subject to restrictions  
20 on alienation imposed by the United States.

21           (19) The term “Indian tribe” has the meaning  
22 given the term in section 102(a) of the Housing and  
23 Community Development Act of 1974.

24           (20) The term “low-income family” means a  
25 household whose income does not exceed 80 percent

1 of the median income for the area, as determined by  
2 the Secretary with adjustments for smaller and larg-  
3 er households. The term includes a very low-income  
4 family and an extremely low-income family.

5 (21) The term “moderate-income family”  
6 means a household whose income does not exceed 95  
7 percent of the median income for the area, as deter-  
8 mined by the Secretary with adjustments for smaller  
9 and larger households. The term includes a low-in-  
10 come family, a very low-income family, and an ex-  
11 tremely low-income family.

12 (22) The term “poverty area” means a census  
13 tract for which more than 10 percent of the house-  
14 holds are extremely low-income families or have in-  
15 comes that do not exceed the poverty line (as estab-  
16 lished by the Office of Management and Budget and  
17 revised periodically in accordance with section  
18 673(2) of the Omnibus Budget Reconciliation Act of  
19 1981) applicable to a family of the size involved.

20 (23) The term “public entity” means a State,  
21 an entitlement community, or an Indian tribe.

22 (24) The term “rural area” means any area of  
23 a State not included within an area designated as an  
24 urbanized area by the Bureau of the Census of the  
25 Department of Commerce.



1           (25) The term “Secretary” means the Secretary  
2 of Housing and Urban Development.

3           (26) The term “State” means the States of the  
4 United States, the District of Columbia, the Com-  
5 monwealth of Puerto Rico, the Commonwealth of the  
6 Northern Mariana Islands, Guam, the Virgin Is-  
7 lands, American Samoa, and any other territory or  
8 possession of the United States.

9           (27) The term “total Fund grant amounts”  
10 means, with respect to a fiscal year, the difference  
11 between the total amount from the Fund available  
12 for the fiscal year to carry out this title and the  
13 amount reserved pursuant to section 208(a).

14          (28) The term “Trust Fund grant plan”  
15 means, with respect to a fiscal year, a plan under  
16 section 208 for the fiscal year or an update under  
17 section 208(c) for the fiscal year of a plan under  
18 such section submitted and approved for a previous  
19 fiscal year.

20          (29) The term “unit of general local govern-  
21 ment” any city, town, township, county, parish, vil-  
22 lage, or other general purpose political subdivision of  
23 a State.

24          (30) The term “very low-income family” means  
25 a household whose income does not exceed 50 per-

1 cent of the median income for the area, as deter-  
 2 mined by the Secretary with adjustments for smaller  
 3 and larger households. The term includes a very low-  
 4 income family.

5 **SEC. 217. REGULATIONS.**

6 The Secretary shall issue regulations to implement  
 7 the provisions of this title. The regulations shall be issued  
 8 after notice and opportunity for public comment in accord-  
 9 ance with the procedure under section 553 of title 5,  
 10 United States Code, applicable to substantive rules (not-  
 11 withstanding subsections (a)(2), (b)(B), and (d)(3) of  
 12 such section). The regulations shall become effective not  
 13 later than 180 days after the date of the enactment of  
 14 this Act.

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